

Worksession

Agenda Item #	4
Meeting Date	31 May 2005
Prepared By	Sara Anne Daines HCD Director
Approved By	Barbara Matthews City Manager

Discussion Item	Request for Extension of PILOT agreement for Edinburgh House, 7513 Maple Ave.
Background	<p>Montgomery Housing Partnership (MHP), the owners of the Edinburgh House (7513 Maple Avenue) have requested an extension of its 1995 PILOT (Payment in Lieu of Taxes) agreement with the City of Takoma Park and a 50% reduction in municipal property taxes. MHP President, Mr. Robert Goldman, will present the request.</p> <p>The current agreement, executed by the City Council in August of 1995, provided a ten year reduction in municipal property taxes as permitted under the Annotated Code of Maryland. The agreement expires June 30, 2005.</p> <p>The terms and conditions of the original agreement are as follows:</p> <ul style="list-style-type: none"> • Fifty percent (50%) reduction in real property taxes for the first five years of the agreement (tax levy years 1995 - 1999) • Twenty-five percent (25%) reduction in real property taxes for the second five years of the agreement (tax levy years 2000 - 2005) • Continued compliance by MHP with the requirements for exemption set forth in the Annotated Code of Maryland. MHP qualified for the exemption as a 501(c)3 nonprofit which exclusively constructed, operated and managed rental housing. • A total of 50% of the apartments at the Edinburgh House are to be occupied by low and moderate income residents. Specifically, 30% of the units are to be occupied by residents with incomes at or below 60% of the area median income (currently \$46,400 for a two person household), 20% are to be at or below 50% (\$35,700). PILOT payments are to be adjusted accordingly in the event MHP is unable to meet these requirements. Compliance reports are to be filed annually. <p>Prior to the execution of the PILOT, MHP agreed to forego any rent increases beyond the annual rent allowance for the existing residents. Accumulated rent increases associated with any approved capital improvement rent increase petitions were to be applied upon turnover of the apartment. According to the 2004 Annual Rent Report submitted by MHP, 25 of the original 45 residents at the Edinburgh House remain in place.</p>

Policy	<p>“The City Council of the City of Takoma Park supports the provision, enhancement, and protection of affordable housing opportunities throughout our community for all of our citizenry. Working in cooperation with our residents, community leaders, and housing providers, we will provide staff resources and, when available, financial assistance to programs and projects which further our affordable housing goals. We will offer political support to our partners, endorsing affordable housing efforts of other public entities and nonprofit organizations.”</p> <p>City of Takoma Park Affordable Housing Policy and Action Plan (July 2002)</p>						
Fiscal Impact	<p>Estimated value of requested PILOT based upon information provided by Montgomery County Finance Department</p> <table> <tr> <td>Current Assessment</td><td>\$1,428,733.00</td></tr> <tr> <td>100% Property Tax</td><td>\$ 9,429.64</td></tr> <tr> <td>50% PILOT Requested</td><td>\$ 4,714.82</td></tr> </table>	Current Assessment	\$1,428,733.00	100% Property Tax	\$ 9,429.64	50% PILOT Requested	\$ 4,714.82
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Attachments	<ul style="list-style-type: none"> • MHP Request for 50% PILOT at Edinburgh House • PILOT Agreement (Aug 1995) 						
Recommendation	To consider MHP request and provide staff with direction on how to proceed						
Special Consideration							